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PROGRAMME AND BUDGET

Report on the financial performance of the Convention budget for 1999

Note by the secretariat

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I. INTRODUCTION

1. By decision 6/COP.2[1]/, the Conference of the Parties (COP) approved a revised core budget for the Convention for 1999 amounting to US$ 6,100,000, including United Nations administrative overhead charges and provision for a working capital reserve. Under the terms of this decision, the COP also, *inter alia*:

(a) Took note of an offsetting contribution amounting to US$ 546,400;

(b) Decided that the Executive Secretary, for the purpose of the 1999 budget, would make savings equivalent to the special annual contribution of the Government of Germany to finance Convention events organized by the secretariat, in calculating the contributions of Parties to the 1999 budget in a manner that the amount to be shared among the Parties would total US$ 4,956,800 as the Parties had already budgeted for 1999;

(c) Requested the Executive Secretary to continue negotiations with the Secretary-General of the United Nations on the issue of an allotment of overhead for the financing of additional posts or activities in the administrative area of the secretariat;

(d) Approved the staffing table for the secretariat under the 1999 core budget, comprising 21 posts in the Professional and higher categories and 11 posts in the General Service category;

(e) Authorized the Executive Secretary to make transfers between each of the main appropriation lines up to an aggregate limit of 15 per cent of the total estimated expenditure for a given year for those appropriation lines, provided that in the process no appropriation line was reduced by more than 25 per cent;

(f) Requested the Executive Secretary to report to COP 3 on the financial performance of the Convention budget for 1999; and

(g) Invited Parties to the Convention to pay promptly and in full the contributions required to finance approved expenditures as offset by the voluntary contribution from the Government of Germany.

2. Pursuant to the above decision, the Executive Secretary submits this progress report on the financial performance of the secretariat of the United Nations Convention to Combat Desertification for the year 1999. This document describes the performance of the first yearly budget of the Convention which is in its seventh month of execution. The report for the full year will be more comprehensive and contain all relevant tables.

1/ For the full text of decisions adopted by the Conference of the Parties at its second session, see document ICCD/COP(2)/14/Add.1.

3. The present document reports on:

(a) Actual income received under the Special Account for the Core Budget of the United Nations Convention to Combat Desertification (referred to as the "General Fund" for the Convention under paragraph 7 of the UNCCD Financial Rules, hereunder also referred to interchangeably as the core budget account); and

(b) An estimation of the total projected 1999 expenditures of the secretariat under the General Fund. Projected expenditures are based on actual expenditures incurred during the first seven months of 1999 (latest official expenditure report available at time of document submission) and estimated expenditures for the remaining months of 1999.

4. In reviewing this report, the following should be taken into consideration:

(a) That while a budget of US$ 6,100,000 was approved, total funds to be made available to the secretariat in 1999 were limited to US$ 4,956,800 from indicative contributions (as indicated in paragraph 1(b) above), plus the DM 1 million (US$ 601,383 at the January 1999 United Nations official rate of exchange) from the special contribution from Germany to the core budget, making a grand total of US$ 5,558,183 (or US$ 4,541,800 for all the programmes, net of programme support costs and working capital reserve); and

(b) That the COP requested the secretariat to further absorb, within existing resources, the financial implications of decision 12/COP.2 on the work programme of the Committee on Science and Technology (CST) and decision 14/COP.2 on traditional knowledge.

5. The report on the financial performance of the Global Mechanism will be provided separately by the International Fund for Agricultural Development.

II. GENERAL FUND

(Special Account for the Core Budget of the UNCCD)

A. Report on income

6. The status of contributions to the UNCCD General Fund core budget account is shown in the annex and can be summarized as follows:

Contributions to the core budget:	
Parties	US$ 4,822,904
Special contribution from Germany to the core budget (DM 1,000,000)	US$ 601,383
Total contributions received	US$ 5,424,287

7. As of 30 September 1999, 54 Parties had paid their contributions. Of the total amount of indicative contributions received (US$ 4,822,904), it is estimated that US$ 407,704 represent overpayments as a consequence of the reductions in amounts ultimately due with the increase in the number of Parties to the Convention. These will be credited against future contributions. Indicative contributions outstanding from 99 country Parties total US$ 542,250. The Executive Secretary trusts that all Parties which have not yet paid their contributions in full will do so without further delay. The annex to this document will be updated in document ICCD/COP(3)/4/Add.1 to reflect contributions received after submission of this document.

8. Total income for 1999 under the core budget account, including interest income, will only be available in the year 2000 and will be contained in a final audited statement of account for 1999 and provided to the COP at its fourth session.

B. Report on expenditures

9. Excluding the programme support cost, the overall programme expenses incurred for the first seven months and projections for the remaining months of 1999 are expected to be 91.1 per cent of the approved budget for programmes of US$ 4,984,500 (total approved budget is US$ 6,100,000: US$ 4,984,500 for programmes, US$ 648,000 for administrative overhead charges or programme support costs and US$ 467,500 for working capital reserve, decision 6/COP.2 refers). To comply with the request of the COP to realize savings, the secretariat is exerting efforts to limit its 1999 total programme expenditures to US$ 4,541,800 (exclusive of programme support costs and working capital reserve). However, this will be feasible mainly because of the fact that the secretariat is in its initial year of operation and the post vacancy rate due to the delayed recruitment has been much higher than under normal circumstances. (At the time of the move to Bonn, 14 of the 32 core posts were vacant). Apart from direct savings in salaries and related costs, the high vacancy rate is projected to result in further savings in general operating expenditure, which is directly linked to the number of staff on board, i.e. the share of the UNCCD in the costs of the common maintenance and other services in Haus Carstanjen is expected to be significantly lower.

10. The savings attributable to the high vacancy rate, however, are not enough. To arrive at the required level of savings requested by the COP under the core budget account, the secretariat, whenever possible, is obliged to: (a) raise and use voluntary contributions under the UNCCD trust fund accounts, i.e. the Supplementary Fund, the Bonn Fund, and the Special Fund, to meet requests for assistance received from country Parties; (b) use the programme support account (see paragraph 18 below); and (c) impose very strict control over the use of the core budget funds.

C. Policy-making organ

11. Expenditure under this programme is projected to be at 100 per cent of approved budget to finance travel expenses of the technical secretariat staff from United Nations Headquarters in New York to Recife, Brazil to service the third session of the Conference of the Parties and for hospitality costs in connection with that session.

D. Executive direction and management

12. Total expenditure of this programme will represent 102.3 per cent of the approved budget. Savings due to delayed recruitment to fill vacancies enabled this programme to meet the requirements for consultancies and the demand for travel inherent in the executive direction and management office. Consultancies relate primarily to expert services required to raise awareness and to facilitate the ratification or accession process in countries that are still not Parties to the Convention. Travel costs relate to missions undertaken by the Executive Secretary and the Deputy Executive Secretary for consultations with government authorities, donors, intergovernmental bodies and non-governmental organizations on issues of relevance to the Convention, for participation in activities of specialized agencies and United Nations programmes concerned with issues related to the UNCCD, and for attendance at meetings of the United Nations General Assembly.

E. Substantive support to the Conference of the Parties and its subsidiary bodies

13. Total expenditure of 95.1 per cent of the approved budget is projected under this programme, reflecting an estimated net savings of 4.9 per cent. Net savings under this programme were realized under: (a) salaries (due to the delayed recruitment factor); (b) travel of staff (by limiting the number of missions under the core budget account to the most essential); and (c) contractual services (by reducing the languages of interpretation provided). These savings enabled the UNCCD to finance part of the costs related to the work of the ad hoc panel of experts on traditional knowledge (e.g. consultancy, interpretation), for which no provision was made in the core budget. The other resource requirements for this programme were met from voluntary contributions under the Supplementary Fund and the Bonn Fund.

F. Facilitation of implementation and coordination

14. Total expenditure of 90.1 per cent of the approved budget is projected under this programme, reflecting an estimated net saving of 9.9 per cent. Expenses under this heading relate primarily to salaries and related costs and to some travel of staff to attend Convention-related meetings. Savings under this programme are mainly attributable to the fact that consultancy and travel of staff to participate in activities organized by the UNCCD in the different regions were included in the cost plans for those activities and financed by earmarked voluntary contributions

under the Supplementary Fund. Some savings also resulted from the delayed recruitment.

G. External relations and public information

15. Total expenditure of 93.7 per cent of the approved budget is projected under this programme, reflecting an estimated net saving of 6.3 per cent. Expenses under this heading concern principally staff-related costs and travel in connection with inter-agency coordination activities: attendance at meetings of and consultations with the United Nations in New York, specialized agencies and related Conventions. Savings under this programme are mainly due to the lower estimated common staff cost rate than that used in the budget, which was partly offset by the higher-than-projected travel requirements. Resource requirements for the programme's work on coordination with non-governmental organizations, public awareness, and information services were mostly financed from earmarked voluntary contributions under the Supplementary Fund and the Bonn Fund.

H. Administration and finance

16. Total expenditure of 82.0 per cent of the approved budget is projected under this programme, reflecting a net saving of 18 per cent. Funds under this heading were used for salaries and related costs of the unit's staff, temporary assistance required by the secretariat in general, administration and finance-related travel and general operating expenses of the UNCCD: i.e. for communication (telephone, fax, postage, pouches) in Bonn and liaison with New York, Geneva and Rome as well as rental and maintenance of UNCCD office premises, supplies, materials, and rental and maintenance of photocopy and fax equipment. In consultation with the United Nations Office at Geneva, the secretariat is putting in place a new internal financial tracking system. This system will provide the UNCCD secretariat with up-to-date reports on the status of the use of funds received under the core budget account and all the other UNCCD trust fund accounts and will greatly facilitate accurate and more timely financial reporting by the secretariat.

17. Savings under this programme are attributable principally to the lower-than-projected cost of contributing to joint services in Haus Carstanjen (e.g. to the costs of security, cleaning, repair and maintenance, utilities, postal and pouch facilities, telephone exchange services, and third party insurance) which, to a large extent, is pro-rated to the number of actual personnel. Savings were also realized as a consequence of delayed recruitment and the use of the programme support account to meet other staffing and operating requirements (see paragraph 18 below).

I. Programme support costs

18. Programme support income from the core budget has allowed the secretariat to finance three General Service posts and to cover part of the costs related to communication and rental and maintenance of equipment. In addition, the Executive Secretary is in contact with the relevant United Nations department in order to secure additional funds from programme support income.

J. Working capital reserve

19. Paragraph 8 of the UNCCD Financial Rules (decision 2/COP.1) states that: "Within the General Fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Conference of the Parties by consensus. The purpose of the working capital reserve shall be to ensure the continuity of operations in the event of a temporary shortfall of cash. Drawdowns from the working capital reserve shall be restored from contributions as soon as possible."

20. At its first session, the COP decided the working capital reserve maintained within the General Fund to set at a level of 8.3 per cent of core budget expenditure, including overhead charges (decision 6/COP.1, para.7).

21. A proportionate amount of the contributions received has been set aside to maintain the working capital reserve at 8.3 per cent of expenditure. The level of reserve remaining at the end of the year (currently estimated at US$ 425,900) will be used as part of the required reserve for the year 2000. It is hoped that no drawdown from the working capital reserve will be required.

Annex

STATUS OF CONTRIBUTIONS TO THE CORE BUDGET OF THE CONVENTION FOR 1999
(as of 20 September 1999)
(US dollars)

Party[1]	Estimated 1999 contribution[2]	Contribution received as of 30/9/99	Outstanding contribution	Carry-over balance (overpaid)
1. Afghanistan*	200.0		200.0	
2. Algeria	6 690.0		6 690.0	
3. Angola*	500.0		500.0	
4. Antigua and Barbuda	150.0	200.0		50.0
5. Argentina	72 860.0		72 860.0	
6. Armenia	790.0		790.0	
7. Austria	66 970.0	67 460.0		490.0
8. Azerbaijan	1 540.0		1 540.0	
9. Bahrain	1 190.0	1 682.5		492.5
10. Bangladesh*	500.0		500.0	
11. Barbados	590.0	700.0		110.0
12. Belgium	78 520.0		78 520.0	
13. Belize	50.0		50.0	
14. Benin*	150.0		150.0	
15. Bolivia	500.0		500.0	
16. Botswana	740.0	900.0		160.0
17. Brazil	104 640.0		104 640.0	
18. Burkina Faso*	150.0	150.0		
19. Burundi*	50.0		50.0	
20. Cambodia*	50.0	50.0		
21. Cameroon	940.0		940.0	
22. Canada	195 990.0	197 530.0		1 540.0
23. Cape Verde*	150.0		150.0	
24. Central African Republic*	50.0		50.0	
25. Chad	50.0		50.0	
26. Chile	9 320.0	9 370.0		50.0
27. China	69 250.0	69 775.0		525.0
28. Colombia	7 730.0		7 730.0	
29. Comoros*	50.0		50.0	
30. Cook Islands	50.0		50.0	
31. Costa Rica	1 140.0		1 140.0	
32. Côte d'Ivoire	640.0		640.0	
33. Cuba	1 880.0		1 880.0	
34. Democratic Republic of the Congo*	500.0		500.0	
35. Denmark	49 220.0	68 000.0		18 780.0
36. Djibouti*	50.0		50.0	
37. Dominica	50.0		50.0	
38. Dominican Republic	1 090.0		1 090.0	
39. Ecuador	1 390.0		1 390.0	
40. Egypt	4 610.0	4 710.0		100.0

Party	Estimated 1999 contribution[1]	Contribution received as of 30/9/99	Outstanding contribution	Carry-over balance (overpaid)
41. El Salvador	840.0		840.0	
42. Equatorial Guinea*	50.0		50.0	
43. Eritrea*	50.0		50.0	
44. Ethiopia*	400.0		400.0	
45. European Community	123 920.0	124 700.0		780.0
45. Fiji	250.0		250.0	
46. Finland	38 610.0		38 610.0	
47. France	465 490.0	643 300.0		177 810.0
48. Gabon	1 090.0		1 090.0	
49. Gambia*	50.0		50.0	
50. Germany	698 070.0	706 200.0		8 130.0
51. Ghana	500.0		500.0	
52. Greece	24 980.0	25 000.0		20.0
53. Grenada	50.0		50.0	
54. Guatemala	1 290.0		1 290.0	
55. Guinea*	200.0		200.0	
56. Guinea-Bissau*	50.0		50.0	
57. Guyana	50.0		50.0	
58. Haiti*	150.0		150.0	
59. Honduras	200.0	461.0		261.0
60. Iceland	2 280.0	2 280.0		
61. India	21 310.0	21 439.0		129.9
62. Indonesia	13 090.0	13 190.0		100.0
63. Iran (Islamic Republic of)	13 730.0		13 730.0	
64. Ireland	15 960.0	22 000.0		6 040.0
65. Israel	24 590.0	24 730.0		140.0
66. Italy	386 630.0	389 600.0		2 970.0
67. Jamaica	400.0		400.0	
68. Japan	1 239 200.0	1 246 600.0		7 400.0
69. Jordan	400.0	600.0		200.0
70. Kazakhstan	4 660.0		4 660.0	
71. Kenya	500.0		500.0	
72. Kiribati	50.0		50.0	
73. Kuwait	9 570.0		9 570.0	
74. Kyrgyzstan	590.0		590.0	
75. Lao People's Democratic Republic*	50.0		50.0	
76. Lebanon	1 140.0		1 140.0	
77. Lesotho	150.0		150.0	
78. Liberia*	150.0		150.0	
79. Libyan Arab Jamahiriya	9 420.0		9 420.0	
80. Luxembourg	4 810.0	4 910.0		100.0
81. Madagascar*	200.0	266.0		66.0
82. Malawi*	150.0	200.0		50.0
83. Malaysia	12 840.0	12 940.0		100.0
84. Mali*	150.0		150.0	
85. Malta	990.0	970.0	20.0	
86. Marshall Islands	50.0	50.0		

Party[1]	Estimated 1999 contribution[2]	Contribution received as of 30/9/99	Outstanding contribution	Carry-o balan (overpa
87. Mauritania•	50.0	100.0		
88. Mauritius	640.0	800.0		16
89. Mexico	69 790.0		69 790.0	
90. Micronesia (Federated States of)	50.0	100.0		
91. Monaco	250.0		250.0	
92. Mongolia	150.0		150.0	
93. Morocco	2 920.0	4 000.0		1 08
94. Mozambique•	50.0		50.0	
95. Myanmar•	500.0		500.0	
96. Namibia	500.0	550.0		
97. Nauru	50.0		50.0	
98. Nepal•	250.0	300.0		
99. Netherlands	116 090.0	116 800.0		71
100. Nicaragua	50.0		50.0	
101. Niger•	150.0	150.0		
102. Nigeria	2 870.0		2 870.0	
103. Niue	50.0		50.0	
104. Norway	43 420.0	60 000.0		18 58
105. Oman	3 620.0	3 670.0		
106. Pakistan	4 210.0		4 210.0	
107. Palau•	50.0		50.0	
108. Panama	940.0		940.0	
109. Paraguay	990.0		990.0	
110. Peru	6 740.0		6 740.0	
111. Portugal	29 640.0	29 890.0		25
112. Qatar	2 330.0		2 330.0	
113. Republic of Moldova	1 290.0		1 290.0	
114. Romania	4 760.0		4 760.0	
115. Rwanda•	50.0		50.0	
116. Saint Kitts and Nevis	50.0		50.0	
117. Saint Lucia	50.0		50.0	
118. Saint Vincent and the Grenadines	50.0		50.0	
119. Samoa•	50.0		50.0	
120. Sao Tome and Principe•	50.0		50.0	
121. Saudi Arabia	40 500.0		40 500.0	
122. Senegal	400.0		400.0	
123. Seychelles	150.0		150.0	
124. Sierra Leone•	50.0		50.0	
125. Singapore	12 540.0		12 540.0	
126. Solomon Islands	50.0		50.0	
127. South Africa	26 020.0	36 000.0		9 98
128. Spain	184 290.0	254 700.0		70 41
129. Sri Lanka	840.0		840.0	
130. Sudan•	500.0		500.0	
131. Swaziland	150.0	200.0		
132. Sweden	77 130.0	106 700.0		29 57

Party[1]	Estimated 1999 contribution[2]	Contribution received as of 30/9/99	Outstanding contribution	Carry-over balance (overpaid)
133. Switzerland	86 500.0	119 500.0		33 000.0
134. Syrian Arab Republic	4 560.0	6 300.0		1 740.0
135. Tajikistan	350.0		350.0	
136. Togo*	50.0		50.0	
137. Tonga	50.0		50.0	
138. Tunisia	1 980.0	2 700.0		720.0
139. Turkey	31 330.0	31 570.0		240.0
140. Turkmenistan	590.0		590.0	
141. Tuvalu	50.0		50.0	
142. Uganda*	250.0		250.0	
143. United Arab Emirates	12 690.0	12 716.0		26.0
144. United Kingdom of Great Britain and Northern Ireland	362 240.0	385 070.0		2 830.0
145. United Republic of Tanzania*	200.0		200.0	
146. Uruguay	3 420.0		3 420.0	
147. Uzbekistan	2 630.0	10 485.0		7 855.0
148. Venezuela	12 540.0		12 540.0	
149. Viet Nam	500.0		500.0	
150. Yemen*	500.0		500.0	
151. Zambia*	150.0		150.0	
152. Zimbabwe	640.0	640.0		
Total from Parties	4 956 870.0	4 822 904.5	536 010.0	402 044.5
Voluntary contribution from Germany (DM)	601 383.0	601 383.0		
Total funds for the core budget	**5 658 253.0**	**5 424 287.5**	**536 010.0**	**402 044.5**

(Total "estimated 1999 contribution" add up to US$ 4,956,870 due to rounding to the nearest ten dollars).

[1] Including States and regional economic integration organizations that are Parties to the Convention as of 30 September 1999.

* Least developed country.

[2] Estimated 1999 contributions (US$ 4,956,800) are based on the portion of the approved core budget for 1999 of US$ 6,100,000 to be shared among the Parties (decision 6/COP.2).